

State of California—Health and Human Services Agency  
Department of Health Services



GRAY DAVIS  
Governor

California  
Department of  
Health Services

DIANA M. BONTÁ, R.N., Dr. P.H.  
Director

March 4, 2003

Dear Interested Parties:

**MEDI-CAL WORKERS' COMPENSATION RECOVERY PROGRAM REQUEST FOR PROPOSAL  
02-25737 NORTHERN REGION ADMINISTRATIVE BULLETIN 2, ADDENDUM 2 AND OFFICIAL  
RESPONSES TO PROPOSER'S QUESTIONS.**

Enclosed you will find Administrative Bulletin 2, Addendum Number 2 to the Request for Proposal (RFP) for the Medi-Cal Workers' Compensation Recovery Program (MWCPR) Northern Region. This addendum incorporates changes to the RFP that correct inaccuracies discovered in the review of the RFP. Within the text of the document, changes are highlighted to denote revisions.

Any changes made to the RFP are published as additional or replacement pages to the RFP. Because the RFP is available in hard copy and in an electronic version, two tables are included in this bulletin. The instructions for updating the hard copy version are for the replacement pages enclosed, which are double-sided.

In order to configure the RFP so that it accurately reflects the current requirements and considerations, add the new page or remove the existing page and insert the appropriate replacement page as indicated in the following table:

**HARDCOPY VERSION**

<b>REMOVE EXISTING PAGES</b>	<b>ADD NEW/REPLACEMENT PAGES</b>
RFP Introduction Page "Notice to Prospective Proposers".	RFP Introduction Page "Notice to Prospective Proposers".
Exhibit A. Page 7 & 8.	Exhibit A. Page 7 & 8.

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600 NORTH 10<sup>TH</sup> STREET, P.O. BOX 942732, SACRAMENTO, CA 94234-7320  
TEL: (916) 323-7406 ~ FAX: (916) 464-0855  
Internet Address: [www.dhs.ca.gov/OMCP](http://www.dhs.ca.gov/OMCP)

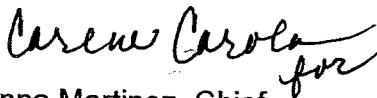
Interested Parties  
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**ELECTRONIC VERSION**

<b>REMOVE EXISTING PAGES</b>	<b>ADD NEW/REPLACEMENT PAGES</b>
RFP Introduction Page "Notice to Prospective Proposers".	RFP Introduction Page "Notice to Prospective Proposers".
Exhibit A. Page 7.	Exhibit A. Page 7.

Thank you for your continued interest in the Medi-Cal Workers' Compensation Recovery Program Northern Region procurement effort. If you should have any questions, please call Jesse Tanguileg, lead analyst assigned to this procurement, at (916) 323-7406.

Sincerely,



Donna Martinez, Chief  
Office of Medi-Cal Procurement

Department of Health Services  
714/744 P STREET  
P.O. BOX 942732  
SACRAMENTO, CA 94234-7320  
(916) 323-7406



January 29, 2003

Dear Interested Party:

### **Notice to Prospective Proposers**

You are invited to review and respond to this Request for Proposal (RFP) entitled, "Medi-Cal Worker's Compensation Recovery Program" for RFP Number 02-25737. In submitting your proposal, you must comply with the instructions found herein.

Note that all agreements entered into with the State of California will include by reference General Terms and Conditions and Contractor Certification Clauses that may be viewed and downloaded at the following Internet site: [www.ols.dgs.ca.gov/standard+language/default.htm](http://www.ols.dgs.ca.gov/standard+language/default.htm). If you do not have Internet access, a hard copy can be obtained by contacting the person signing this letter.

If a discrepancy occurs between the information appearing in the advertisement placed in the California State Contracts Register and the information herein, the information in this notice and in the RFP shall take precedence.

#### **I. Proposal Submission Deadline**

Regardless of postmark or method of delivery, the Department of Health Services' (DHS) Office of Medi-Cal Procurement must receive proposal packages no later than **4:00 p.m. on April 9, 2003**. Refer to the attached RFP for detailed submission requirements.

#### **II. "Voluntary" non-binding Letter of Intent**

In this procurement, prospective Proposers are required to submit a non-binding Letter of Intent. See the RFP for detailed Letter of Intent submission instructions.

#### **III. Disabled Veteran Business Enterprise (DVBE) participation requirements**

California Law requires Disabled Veteran Business Enterprise (DVBE) participation and/or performance of a good faith effort (GFE) to meet these requirements. DHS policies require DVBE participation on all contracts exceeding \$10,000. You may need four weeks or more to complete this process; therefore, you should begin this process promptly. Out-of-state firms must comply with California's DVBE participation requirements.

#### **IV. Funding Limit**

Funding for each state fiscal year is subject to an annual appropriation by the State Legislature or Congress. If full funding does not become available, DHS will cancel the resulting agreement or amend it to reflect reduced funding and reduced activities. Continuation beyond the first state fiscal year is also subject to the contractor's successful performance. Without prior DHS authorization, you may not expend funds set aside for one budget period in a subsequent budget period.

The Contractor shall also instruct the carrier (payor) to clearly identify the injured worker's name, social security number, and/or date of birth, and appropriate WC or WCAB case number on the check or accompanying documentation.

- D. Any payments received in error by the Contractor shall be forwarded to the State within five working days of receipt. The payment must be mailed with a letter that identifies the recipient's name, social security number, appropriate WC or WCAB case number, and specifies Northern or Southern region to the address specified above in Exhibit A, Section 1.4.4.C.
- E. Assure payments are correct and timely in accordance with the WC settlement and/or the WCAB's orders. Take appropriate actions when payments are incorrect or untimely.
- F. Obtain advance written approval from the Contracting Officer to waive recovery of its claim from any workers' compensation settlement, judgment, or award.
- G. Provide the Department with documentation explaining substantial reductions in the Department's lien claim upon the Department's request.
- H. Verify any overpayments discovered and submit documentation to the Department as needed within 15 days of the Department's request.  
  
Note: If an overpayment is not the result of Departmental error, a \$100 refund processing fee will be deducted from the amount of the overpayment.
- I. Maintain case collection histories in accordance with Exhibit E, Section 1.22 and 1.23 of this RFP.
- J. Maintain, review, and keep electronic audit trails and logs to be made available for review by the Contracting Officer.

#### 1.4.5 CASE CLOSURE

This phase consists of the closure of Medi-Cal WCRP cases. The Contractor shall:

- A. Withdraw liens filed with the WCAB upon receipt of payment of the Department's lien claim, and/or case closure.
- B. Provide WC insurance carriers a release of the Medi-Cal lien, if requested.

- D. Provide the Department with documentation explaining the reason(s) for closure of all cases not resulting in recovery (e.g., copy of the WCAB decision) when closed. Documentation for waivers must include a copy of the written approval, issued and signed, by the Contracting Officer.
- E. Ensure all closed cases that resulted in a settlement, judgment, and/or award include all documents related to the action. A copy of the signed WC settlement agreement and/or the WCAB order and copy of the formal withdrawal of the lien filed with WCAB must be included.

## 1.5 MEDI-CAL PAYMENT SOURCES

If a beneficiary had eligibility on or after the date of the WC injury or illness, the Contractor must obtain payment information from all appropriate sources and include 100 percent of the illness and/or injury related services paid for by the State's Medi-Cal Program on the itemized WC lien. The Contractor shall obtain updated payment information quarterly for the duration of treatment of the illness and/or injury or until the date of settlement, whichever comes first.

The State is responsible for providing direct access to the State's Fiscal Intermediary to obtain Claim Detail Reports from the Medi-Cal Fee-For-Service (FFS) Claims Payment System. In most cases, contractors shall be authorized to obtain Managed Care Plan (MCP) data directly from the plans. Dental, In-Home Supportive Services (IHSS)/Personal Care Services (PCS), developmental services (DDS), and some MCP data will be made available to the Contractor, upon request, if and when applicable to the WCRP action.

### 1.5.1 CLAIM DETAIL REPORTS (CDR)

A CDR is a claim history file created for each Medi-Cal beneficiary who has received services paid under Medi-Cal's FFS system. FFS is the traditional method of paying providers after the service has been rendered. The CDRs include adjudicated (paid and denied) claims submitted by medical providers for services rendered to Medi-Cal beneficiaries. Each claim includes, but is not limited to, date of service, date of payment, medical provider name, diagnosis code, description of treatment, billed amount, and the Medi-Cal payment amount. If the claim is denied, a zero amount will appear in the Medi-Cal payment field. Denied claims are subject to resubmission and may be paid at a later date.

Generally, providers have one year from the date the service was rendered to submit billing to the State's Medi-Cal fiscal intermediary (FI) for processing and payment.

The Contractor shall obtain CDRs from the Medi-Cal FI on all cases at the time of case development and then quarterly obtain updated CDRs to review for

# Medi-Cal Workers' Compensation Recovery Program – RFP 02-25737 & RFP 03-75060

## Proposer Comments/Questions and Responses

#	RFP Section	Pg	Question/Comment	Response
1	Content Requirements	22	The proposer is required to submit an estimated annual recovery amount. In evaluating cost proposals, what criteria will DHS use to determine the reliability and the validity of a proposer's statement of its anticipated recoveries?	DHS will use the criteria in Section O of the RFP and the proposer's methodology to determine the reliability and the validity of the proposer's statement of anticipated recoveries.
2	Background	6	Please clarify whether the 2.6 million dollar recovery figure for fiscal year 01/02 referenced at p.6 of the "Background" section was based on the combined total for both the North and South regions.	The \$2.6 million recovery figure is for the combined total of the north and south contracts for fiscal year (FY) 01-02. For FY 01-02, Northern collections were approximately \$1.66 million and Southern collections were approximately \$1.02 million.
3	Case Management		"The system shall also be capable of identifying duplicate payments between the Medi-Cal, employer-insurers, and/or providers and initiating recovery action." How can a contractor systemically verify duplicate payments when employer/insurers have no obligation to provide payment information to a contractor?	This is addressed under 1.4.1 Data Collection and Analysis and under the methods described in 1.4.2 Case Development. The contractor shall have the ability to verify payments that the contractor is aware of for workers' compensation related injuries were not also paid by Medi-Cal. The contractor will have access to the Medi-Cal Eligibility Data System to verify Medi-Cal eligibility against possible duplicate payments.
4	Case Recovery	7	The contractor is directed to instruct the payor to include a worker's Social Security number on the payment check. Is the contractor excused from this requirement to the extent it may violate HIPAA regulations?	No, the contractor is not excused from this requirement. The HIPAA definition of a health plan does not specifically include Workers' Compensation programs or carriers. Therefore, the Department can require the contractor to "instruct the carrier (payor)" to include identifying information with the payment, including the worker's Social Security number (SSN), as long as the Department takes measures to safeguard the SSN. An addendum to allow alternative identifying information is attached.
5			What type of documentation or media is provided to the current vendor representing DHS to properly identify pending Workers' Compensation claims?	As stated in Exhibit A 1.4.1, the type of information provided to the current contractor by the Department are electronic data matches with the Department of Industrial Relations, state inquiry letters, and other referrals received by the Department relating to workers' compensation. These are in addition to other referral sources which shall be initiated by the Contractor